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SERVICE DATE – DECEMBER 2, 2005

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34754]

Alabama Southern Railroad, Inc.–Lease and Operation Exemption–The Kansas City
Southern Railway Company

Alabama Southern Railroad, Inc. (ABS), a noncarrier, has filed a verified notice of exemption under 49 CFR 1150.31 to lease from The Kansas City Southern Railway Company (KCS) and operate approximately 85.6 miles of rail line consisting of lines on the (1) Tuscaloosa Subdivision between milepost 17.0 near Columbus, MS, and milepost 78.9 near Tuscaloosa, AL; (2) Warrior Branch between milepost 0.0 at Tuscaloosa, AL, and milepost 9.3 near Fox, AL; and (3) Brookwood Branch between milepost 443.5 at Brookwood Jct., AL, and milepost 429.1 at Brookwood, AL. ABS is also being assigned KSC's overhead trackage rights over a 44.4-mile line of railroad owned by CSX Transportation, Inc., extending between milepost 429.2 at Brookwood, AL, and milepost 384.8 at Birmingham, AL.

ABS certifies that its projected annual revenues as a result of this transaction will not result in it becoming a Class II or Class I rail carrier. Because ABS's projected annual revenues will exceed \$5 million, ABS has certified to the Board on September 7, 2005, that it sent the required notice of the transaction on September 2, 2005, to the national offices of all labor unions representing employees on the line and that it posted a

copy of the notice at the workplace of the employees on the affected lines on September 6, 2005. See 49 CFR 1150.32(e).

The transaction was expected to be consummated on or shortly after November 20, 2005.

This transaction is related to STB Finance Docket No. 34755, Watco Companies, Inc.–Continuance in Control Exemption–Alabama Southern Railroad, Inc., wherein Watco Companies, Inc. has concurrently filed a verified notice of exemption to continue in control of ABS upon its becoming a rail carrier.

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34754, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Karl Morell, Of Counsel, BALL JANI LLP, Suite 225, 1455 F Street, N.W., Washington, DC 20005.

Board decisions and notices are available on our website at WWW.STB.DOT.GOV.

Decided: November 23, 2005.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary